

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
Global Reseller Expedited Package Contracts 2
(MC2013-51)
Negotiated Service Agreement

Docket No. CP2020-96

PUBLIC REPRESENTATIVE COMMENTS ON
POSTAL SERVICE NOTICE CONCERNING FILING OF
A FUNCTIONALLY EQUIVALENT GLOBAL RESELLER
EXPEDITED PACKAGE 2 NEGOTIATED SERVICE AGREEMENT

(February 26, 2020)

The Public Representative hereby provides comments pursuant to the Commission's Notice initiating this docket.¹ In that Order, the Commission established the above referenced docket to receive comments from interested persons on a Postal Service Request to enter into an additional Global Reseller Expedited Package 2 (GREP) Contract.²

Prices and classifications not of general applicability for GREP contracts were previously established by Governors' Decision No. 10-1, issued March 24, 2010³ and more recently by Governors Decision No. 19-1.⁴ In Order No. 1746, Commission approved the addition of the GREP Contracts 2 product (MC2013-51) to the competitive

¹ PRC Notice Initiating Docket No. CP2020-96, February 19, 2020

² Notice of Filing a Functionally Equivalent Global Reseller Expedited Package 2 Negotiated Service Agreement, February 18, 2020 (Notice).

³ See Request of the United States Postal Service to Add Global Reseller Expedited Package Contracts to the Competitive Products List and Notice of Filing (Under Seal) of Contract and Enabling Governors' Decision, Docket Nos. MC2010-21 and CP2010-36, March 29, 2010 (Request).

⁴ Decision of the Governors of the United States Postal Service on Establishment of Prices and Classifications for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates, February 7, 2019, (Governors' Decision No. 19-1).

products list, and included a GREP Contracts 2 contract (CP2013-64) designated as a baseline agreement within the product.⁵

The Postal Service asserts that the instant GREP 2 Contract is functionally equivalent to the baseline agreement for the first GREPS Contract 2 product with differences in effective dates and non-substantive changes to language for practicality or clarity purposes. The Postal Service therefore requests that the instant GREP 2 Contract be included within the GREP 2 Contracts product. Notice at 3.

The Postal Service states that this contract will be effective until June 30, 2020, unless terminated earlier pursuant to Articles 12, 13, or 35. The agreement that is the subject of this docket is intended as a replacement to the agreement with the same customer that is the subject of Docket No. CP2014-67.⁶

COMMENTS

The Public Representative has reviewed the Postal Service's Notice, the instant GREP 2 contract and the supporting financial model filed under seal that accompanied the Notice. Based upon that review, the Public Representative concludes that the instant contract should be added to the existing GREPS 2 product. In addition, it appears the negotiated prices in the instant contract should generate sufficient revenues to cover costs.

Requirements of 39 U.S.C. § 3633. 39 U.S.C. § 3633 requires that prices for competitive products must cover each product's attributable costs, not result in the subsidization of competitive products by market dominant products, and enable competitive products as a whole to contribute an appropriate share to the institutional

⁵ PRC Order No. 1746, Order Adding Global Reseller Expedited Package Contracts 2 to the Competitive Product List Negotiated Service Agreement, Docket Nos. MC2013-51 and CP2013-64, June 13, 2013.

⁶ The Agreement subject to Docket No. CP2014-67 was a GREPS 4 Contract which was scheduled to expire on February 5, 2021. See PRC Order No. 3045, January 22, 2016 at 2.

costs of the Postal Service. In addition, the Commission requires that each contract included within a GREP product must cover its attributable costs.⁷

The Postal Service's financial model indicates that the negotiated prices in the instant contract should generate sufficient revenues to cover costs and the addition of the instant contract to the product should also satisfy 39 U.S.C. § 3633.

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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⁷ Section 2510.7.1(d) of the draft Mail Classification Schedule, posted January 27, 2014, and updated through July 31, 2014.